

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Austin Township	County Mecosta
Audit Date 3/31/06	Opinion Date 6/25/06	Date Accountant Report Submitted to State: 6/29/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

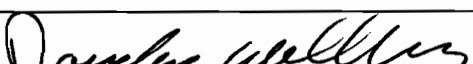
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Douglas Wohlberg, CPA			
Street Address PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature 		Date 6/29/06	

Austin Township

Mecosta County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2006

Austin Township

Mecosta County, Michigan

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March 31, 2006

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To the Board
Austin Township
Mecosta County, Michigan


We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units and the major fund of Austin Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Austin Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units and the major fund of Austin Township as of March 31, 2006, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Austin Township basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Byron Center, Michigan
June 25, 2006

Austin Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2006

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 5% from a year ago, increasing from \$419,620 to \$440,881. This results from minimizing expenditures in the General Fund.

In a condensed format, the table below shows the net assets as of the March 31, 2006:

	<u>Governmental Activities</u>
	<u>2006</u>
Current assets	\$ 348,493
<u>Noncurrent assets</u>	<u>92,388</u>
<u>Total assets</u>	<u>440,881</u>
Net assets	
Invested in capital assets - net of debt	92,388
<u>Unrestricted</u>	<u>348,493</u>
<u>Total net assets</u>	<u>\$ 440,881</u>

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$23,990 for the governmental activities. This represents an increase approximately 7%. The current level of unrestricted net assets for our governmental activities stands at \$348,493, or about 196% of expenditures. This is within the targeted range set by the Township Board during its last budget process.

The following table shows the changes of the net assets as of March 31, 2006:

	2006
Program revenues	
Charges for services	\$ 4,660
General Revenue	
Property tax	83,670
State shared revenue	99,970
Unrestricted investment income	6,250
Rents and contracts	1,300
Miscellaneous	3,120
Total Revenues	198,970
Program expenses	
General government	93,645
Public safety	83,214
Recreation and culture	850
Total expenses	177,709
Change in net assets	\$ 21,261

Governmental Activities

There was no significant change in governmental activities from the previous year.

The Township's Funds

Our analysis of the Township's major fund begins on page 12, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major fund for 2006 was the General Fund.

Capital Asset and Debt Administration

At the end of 2006, the Township had \$92,388, net of accumulated depreciation, invested in land, building and a parking lot.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2007 remains little changed from 2006 because the Township expects to make no additions to its capital assets.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's Supervisor at the Austin Township Hall, 14132 Pierce Road, Stanwood, Michigan, 49346. The Township's phone number is (231) 832-9704.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Austin Township

Mecosta County, Michigan

Statement of Net Assets

For the year ended March 31, 2006

	Governmental activities		Component units	
<u>GOVERNMENTAL ASSETS</u>				
Cash and cash equivalents	\$	146,605	\$	27,935
Investments		181,005		-
Receivables (net)		20,883		-
Capital assets (net)		92,388		541,496
TOTAL ASSETS	\$	440,881	\$	569,431
<u>GOVERNMENTAL NET ASSETS</u>				
Invested in capital assets	\$	92,388	\$	541,496
Unrestricted		348,493		27,935
TOTAL NET ASSETS	\$	440,881	\$	569,431

Austin Township

Mecosta County, Michigan

Statement of Activities

For the year ended March 31, 2006

Functions/Programs	Expenses	Charges for services
<u>PRIMARY GOVERNMENT EXPENSES</u>		
General government	\$ 93,645	\$ 4,660
Public safety	83,214	-
Recreation and culture	850	-
Total Governmental activities	177,709	4,660
<u>COMPONENT UNIT EXPENSES</u>		
Stanwood Cemetery	5,195	3,600
Mecosta-Austin Fire Department	87,422	165,668
Total Component units	\$ 92,617	\$ 169,268

General Revenues

Property taxes

State-shared revenue

Unrestricted investment income

Rent and contracts

Miscellaneous

Total general revenues - special items and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

Governmental activities		Component units
\$	(88,985)	\$
	(83,214)	
	(850)	
	(173,049)	
		(1,595)
		121,277
		119,682
83,670	-	
99,970	-	
6,250	182	
1,300	-	
3,120	18,625	
194,310	18,807	
21,261	138,489	
419,620	430,942	
\$ 440,881	\$ 569,431	

Austin Township

Mecosta County, Michigan

Governmental Funds

Balance Sheet

March 31, 2006

General Fund		
<u>ASSETS</u>		
Cash	\$	146,605
Investments		181,005
Taxes receivable		20,883
TOTAL ASSETS	\$	348,493
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Fund balance	\$	348,493

Austin Township

Mecosta County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2006

<hr/>		
Total fund balances - total governmental funds	\$	348,493
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital assets at cost		108,193
Accumulated depreciation		(15,805)
Net capital assets		92,388
Net assets of governmental activities	\$	440,881
<hr/>		

Austin Township

Mecosta County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2006

		General Fund
<u>REVENUE</u>		
Property taxes	\$	82,340
State grants		95,567
Licenses and permits		4,403
Charges for services		7,010
Interest and rentals		7,550
Other revenue		2,100
TOTAL REVENUE		198,970
<u>EXPENDITURES</u>		
General government		70,110
Public safety		83,214
Parks and recreation		850
Other		20,806
TOTAL EXPENDITURES		174,980
NET CHANGE IN FUND BALANCES		23,990
FUND BALANCES, BEGINNING OF YEAR		324,503
FUND BALANCES, END OF YEAR	\$	348,493

Austin Township

Mecosta County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2006

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Net change in fund balances - total governmental funds	\$	23,990
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(2,729)
Change in net assets of government activities	\$	21,261
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Austin Township

Mecosta County, Michigan

Fiduciary Fund

Statement of Net Assets

For the year ended March 31, 2006

<u>Agency Fund Type</u>		
<u>ASSETS</u>		
Cash and cash equivalents	\$	61,497
<u>LIABILITIES</u>		
Undistributed property taxes	\$	61,497

NOTES TO FINANCIAL STATEMENTS

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Austin Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Austin Township:

A. Reporting Entity

Austin Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. See the discussion below for description.

Discretely Presented Component Units

The Stanwood Cemetery is a joint venture between Austin Township and Mecosta Township. Its Board consists of six appointed members, three from each Township.

The Mecosta-Austin Fire Department is a joint venture between Austin Township and Mecosta Township. Its Board consists of six appointed members, three from each Township.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Austin Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund; it had no assets or liabilities at year end.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Austin Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Austin Township as of the preceding December 31st.

Although Austin Township's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is Austin Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 taxable valuation of Austin Township totaled \$51,647,442, on which ad valorem taxes levied consisted of the following:

		Mills levied		Raising
Operating	\$	1.2500	\$	64,559

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

Additionally, the government reports the following fund type:

Trust and agency fund to account for property tax collected on behalf of other units and various deposits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Fire trucks	15 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Austin Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Austin Township Board has designated three banks for the deposit of Local Unit funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At the year end, the Township had \$148,870 of bank deposits (money market, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Type of investment	Carrying value	How held
Certificates of deposit	\$181,005	Counterparty

Concentration of Credit Risk

According to the Township's investment policy, unreasonable risk inherent in over-investing in specific instruments, individual financial institutions or maturities are to be avoided. Of the Township's investments, more than 5 percent are in the following:

Investment	Percent
Firstbank	81.05
Independent	18.95

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance April 1, 2005	Additions	Disposals	Balance March 31, 2006
Assets not being depreciated	\$ 13,225	\$	\$	\$ 13,225
Capital assets being depreciated:				
Buildings	86,468			86,468
Land improvements	8,500			8,500
Subtotal	94,968			94,968
Accumulated depreciation:				
Buildings	10,809	2,162		12,971
Land improvements	2,267	567		2,834
Subtotal	13,076	2,729		15,805
Net capital assets being depreciated	81,892	(2,729)		79,163
Net capital assets	\$ 95,117	\$ (2,729)	\$	\$ 92,388

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 2,729
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Capital asset activity of the Mecosta-Austin Fire Department for the current year was as follows:

Governmental Activities	Balance April 1, 2005	Additions	Disposals	Balance March 31, 2006
Assets not being depreciated	\$ 15,000	\$	\$	\$ 15,000
Capital assets being depreciated:				
Buildings	257,259			257,259
Land improvements	30,804			30,804
Equipment	342,300	173,818		516,118
Subtotal	630,363	173,818		804,181
Accumulated depreciation:				
Buildings	36,957	6,432		43,389
Land improvements	16,760	1,170		17,930
Equipment	191,883	24,483		216,366
Subtotal	245,600	32,085		277,685
Net capital assets being depreciated	384,763	141,733		526,496
Net capital assets	\$ 399,763	\$ 141,733	\$	\$ 541,496

Austin Township

Mecosta County, Michigan

Notes to Basic Financial Statements

For the year ended March 31, 2006

NOTE 5 - RISK MANAGEMENT

Austin Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Austin Township has purchased commercial insurance for all claims and participates in the Michigan Municipal Risk Management Authority for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans at this time.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Austin Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by (authority under which the pension obligation is established), Austin Township contributes 15 percent of employees' base wages and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 20 months of service.

Austin Township's total payroll during the current year was \$53,027. The current year contribution was calculated based on covered payroll of \$53,027, resulting in an employer contribution of \$7,926.

NOTE 8 - RECEIVABLES

Receivables as of year-end for the Township's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

		General Fund
<u>Taxes receivable</u>	<u>\$</u>	<u>20,883</u>

REQUIRED SUPPLEMENTAL INFORMATION

Austin Township

Mecosta County, Michigan

General Fund

Balance Sheet

March 31, 2006

			2006
<u>ASSETS</u>			
Cash	\$		146,605
Investments			181,005
Taxes receivable			20,883
TOTAL ASSETS	\$		348,493
<u>LIABILITIES AND FUND EQUITY</u>			
FUND BALANCES			
Fund balance	\$		348,493

Austin Township

Mecosta County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2006

	Original budget	Final budget	Actual	Variance with final budget
REVENUES				
Property Taxes				
Current real property taxes	\$ 65,102	\$ 65,102	\$ 64,559	\$ (543)
Property tax administration fee	995	995	17,781	16,786
Total Property Taxes	66,097	66,097	82,340	16,243
State Grants				
State revenue sharing	76,648	76,648	95,567	18,919
Licenses and Permits				
Non-business licenses and permits	3,722	3,722	4,403	681
Charges for Services				
Fees	1,589	1,589	2,400	811
Services rendered	4,500	4,500	4,610	110
Total Charges for Services	6,089	6,089	7,010	921
Interest and Rentals				
Interest and dividends	1,500	1,500	6,250	4,750
Rent	500	500	1,300	800
Total Interest and Rentals	2,000	2,000	7,550	5,550
Other Revenue				
Reimbursements	-	-	21	21
Other	320,236	320,236	2,079	(318,157)
Total Other Revenue	320,236	320,236	2,100	(318,136)
TOTAL REVENUES	474,792	474,792	198,970	(275,822)

Austin Township

Mecosta County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended March 31, 2006

	Original budget	Final budget	Actual	Variance with final budget
EXPENDITURES				
General government				
Township board	\$ 7,300	\$ 7,301	\$ 6,203	\$ 1,098
Supervisor	6,850	6,850	6,600	250
Clerk	11,975	11,975	11,585	390
Accounting	500	500	200	300
Board of review	1,800	1,800	954	846
Treasurer	17,100	17,100	14,985	2,115
Assessor	18,800	19,300	19,006	294
Elections	1,200	1,200	496	704
Building and grounds	8,000	8,095	7,780	315
Attorney	2,000	2,000	381	1,619
Cemetery	2,080	2,120	1,920	200
Total General government	77,605	78,241	70,110	8,131
Public safety				
Fire department	35,500	35,500	83,214	(47,714)
Department of public works				
Highways, streets and bridges	8,071	8,071	-	8,071
Recreation and culture				
Parks and recreation	300	300	-	300
Library	850	850	850	-
Total Recreation and culture	1,150	1,150	850	300
Other governmental functions				
Insurance	5,000	5,000	3,818	1,182
Retirement	13,000	13,000	7,926	5,074
Social security	4,500	4,500	3,158	1,342
Tax tribunal refunds	-	6,000	5,523	477
Capital outlay	16,550	16,550	281	16,269
Other	313,416	306,916	100	306,816
Total Other governmental functions	352,466	351,966	20,806	331,160
TOTAL EXPENDITURES	\$ 474,792	\$ 474,928	\$ 174,980	\$ 299,948
NET CHANGE IN FUND BALANCES	-	(136)	23,990	24,126
Fund balance at beginning of year	324,503	324,503	324,503	-
Fund balance at end of year	\$ 324,503	\$ 324,367	\$ 348,493	\$ 24,126

COMPONENT UNITS FINANCIAL STATEMENTS

Austin Township

Mecosta County, Michigan

Component Unit - Mecosta-Austin Fire Department

Balance Sheet

March 31, 2006

ASSETS

Cash	\$	26,405
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LIABILITIES AND FUND EQUITY

FUND BALANCE

Fund balance	\$	26,405
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Austin Township
Mecosta County, Michigan
Component Unit - Mecosta-Austin Fire Department
Budgetary Comparison Schedule
March 31, 2006

	Original budget	Final budget	Actual	Variance with final budget
<u>REVENUE</u>				
Federal grants	\$ -	\$ -	\$ 43,031	\$ 43,031
Fees and services	70,000	70,000	165,668	95,668
Interest, rents and dividends	120	120	182	62
Sale of fixed assets	-	-	8,575	8,575
Contributions and donations	-	-	6,425	6,425
Refunds	-	-	1,795	1,795
Other revenue	183	183	230	47
TOTAL REVENUE	70,303	70,303	225,906	155,603
<u>EXPENDITURES</u>				
Salaries	15,000	15,000	14,980	20
Payroll taxes	1,700	1,300	1,159	141
Office supplies	400	1,400	1,146	254
Postage and freight	400	400	378	22
Publications	200	200	87	113
Truck expense	8,000	11,000	9,776	1,224
Firefighters' expense	3,683	3,908	3,104	804
Attorney	150	150	106	44
Audit	500	500	-	500
Training	2,000	2,000	194	1,806
Capital outlay	13,000	183,570	177,742	5,828
Insurance	15,000	15,400	14,895	505
Utilities	4,500	4,500	3,162	1,338
Equipment repair	1,500	1,500	36	1,464
Hall expense	3,200	2,200	1,089	1,111
Promotion	1,000	2,200	1,301	899
Miscellaneous	70	70	-	70
TOTAL EXPENDITURES	70,303	245,298	229,155	16,143
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(174,995)	(3,249)	171,746
Fund balance at beginning of year	29,654	29,654	29,654	-
Fund balance at end of year	\$ 29,654	\$ (145,341)	\$ 26,405	\$ 171,746

Austin Township

Mecosta County, Michigan

Component Unit - Stanwood Cemetery

Balance Sheet

March 31, 2006

ASSETS

Cash	\$	1,530
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LIABILITIES AND FUND EQUITY

FUND BALANCES

Fund balance	\$	1,530
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Austin Township
Mecosta County, Michigan
Component Unit - Stanwood Cemetery
Budgetary Comparison Schedule
March 31, 2006

	Original budget	Final budget	Actual	Variance with final budget
<u>REVENUE</u>				
Contributions from local units	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Sale of fixed assets	400	400	1,600	1,200
Other revenue	1,525	1,525	-	(1,525)
TOTAL REVENUE	5,525	5,525	5,200	(325)
<u>EXPENDITURES</u>				
Salaries	550	550	300	250
Payroll taxes	40	40	23	17
Contract services	3,100	3,100	3,835	(735)
Utilities	120	120	94	26
Miscellaneous	1,715	1,715	943	772
TOTAL EXPENDITURES	5,525	5,525	5,195	330
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	5	5
Fund balance at beginning of year	1,525	1,525	1,525	-
Fund balance at end of year	\$ 1,525	\$ 1,525	\$ 1,530	\$ 5

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board
Austin Township
Mecosta County, Michigan

We have audited the general purpose financial statements of Austin Township, Mecosta County, Michigan for the year ended March 31, 2006, and have issued our report thereon dated June 25, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 16, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Austin Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Austin Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Austin Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2006. We noted no transactions entered into by Austin Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Austin Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
June 25, 2006

MANAGEMENT COMMENTS LETTER

To the Board
Austin Township
Mecosta County, Michigan

In planning and performing our audit of the financial statements of Austin Township for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

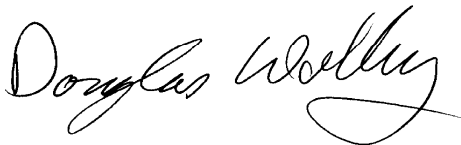
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Austin Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2006 financial statements, and this report does not affect our report on those financial statements dated June 25, 2006. We have not considered the internal control since the date of our report.



Douglas Wohlberg, CPA
Byron Center, Michigan
June 25, 2006

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board
Austin Township
Mecosta County, Michigan

We have audited the general purpose financial statements of Austin Township, Mecosta County, Michigan as of and for the year ended March 31, 2006, and have issued our report thereon dated June 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

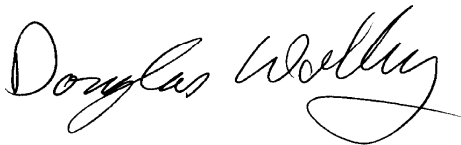
Compliance

As part of obtaining reasonable assurance about whether Austin Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Austin Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
June 25, 2006